

 <b>KENTUCKY CORRECTIONS</b> Policies and Procedures	Policy Number	Total Pages
	2.11	3
	Date Filed	Effective Date
	*	October 17, 2013
Authority/References KRS 45A KAR CHAPTER 5 Finance and Administration Cabinet Manual of Policies and Procedures ACA 2-CO-1B-09, 2-CO-1B-10, 2-CO-1C-17	Subject  <b>PROCUREMENT</b>	

## I. Definitions:

“Catalog Master Agreement” refers to an all state agency contract for use by all state government agencies.

“EO1” means Executive Order document and refers to both the Microsoft Excel form (orders under \$1,000) and the eMARS document (orders over \$1,000).

“FAP” means Finance and Administration Cabinet Manual of Policies and Procedures.

“Indirect Costs” means the costs of a contractor in providing services to the Department which are not directly tied to a specific portion of contracted services, like administrative staff overhead, rent, maintenance, etc., but are tied to the overall administration and provision of services.

“Procurement” means the purchase or acquisition of items or services for use by the Department of Corrections.

“Sole Source” means that only one known vendor can provide the specified goods or services. Items or services that are proprietary are also known as sole source. (Example: ACA Audits)

## II. Policy and Procedure:

This policy provides guidelines for ensuring proper procurement procedures are followed in the Department of Corrections. The model procurement code, stipulated in KRS 45A, is the governing authority for state government purchasing and shall be followed in all Department procurement activity.

- A. Procurement assistance or questions shall be directed to the Department of Corrections’ Division of Administrative Services.

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- B. Purchases shall be made from Catalog Master Agreements if an agreement exists for the commodities or services needed. If no Catalog Master Agreement exists for the commodities or services, the procurement methods outlined in this policy shall be followed. Items under \$1,000 on a Catalog Master Agreement may be purchased from an alternate vendor as stipulated in FAP 111-37-00.
- C. Small Purchase Authority – The small purchase limit for the Department is \$20,000. Purchases between \$5,000 and \$20,000 shall have three quotes on file. If a vendor other than the vendor with the lowest quote is chosen, documentation of selection and reasoning for selection of this vendor shall be on file. All small purchases shall follow the guidelines issued under FAP 111-55-00.
- D. Items or services that exceed the Department’s small purchase authority and are not on a state master agreement shall be issued for solicitation by the Finance and Administration Cabinet on an eMARS RQS document.
- E. All Adult Institutions purchases shall have written authorization from the Warden or his designee and the Fiscal Manager or Fiscal Officer prior to purchase. The Fiscal Manager or Officer shall be responsible for ensuring all procurement laws, regulations, guidelines and this policy are followed prior to authorizing procurement action. For other Departmental units, purchase requests shall be initiated by the office head and forwarded to the appropriate budget analyst in the Division of Administrative Services for approval and processing. The designated budget analyst shall ensure procurement procedures are followed.
- F. All purchase orders or documentation shall accompany the payment documentation and be filed for audit purposes.
- G. Competitive bidding exceptions and items determined to not be feasible to bid are outlined in FAP 111-08-00 and FAP 111-09-00. Cooperative purchases with other state agencies are permitted as indicated in FAP 111-08-00.
- H. Sole source purchases shall be documented and require Finance Cabinet approval if the purchase exceeds \$5,000 (FAP 111-10-00).
- I. Procurement document retention shall be followed as outlined in FAP 111-28-00.
- J. Emergency purchases shall follow the procedure outlined in FAP 11-39-00 and KRS 45A.095 (3). Emergency purchases shall be reported to the Director of Administrative Services or his designee and coordinated with the Department’s purchasing section. Attempts in obtaining quotes for emergency purchases over \$5,000 shall be made and fully documented if unobtainable.

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- K. Construction services small purchase authority is governed by FAP 220-10-00. The Department's construction small purchase authority is \$40,000. Three or more quotes shall be solicited for services between \$20,000 and \$40,000. The construction small purchase authority shall not be used for construction and building services completed with inmate labor and shall only be used if a vendor is supplying both materials and labor.
- L. For purchases after January 4, 2008 and until the order expires, Executive Order 2008-011 shall be followed for procurement of items. Executive order (EO1) approval or EO1 blanket waivers do not supersede or exempt the purchasing guidelines and laws governed by FAPs or KRS 45A.
- M. Approved EO1s and EO1 blanket waivers are only in effect for one year.
- N. Procurement for capital construction projects managed by the Department's Capital Construction Management Branch (CCMB) shall follow all procurement guidelines as indicated in this policy, KRS 45A and the FAPs. In addition, the assigned project manager shall be consulted and grant approval prior to any procurement activity.
- O. A Required Affidavit is mandatory for all purchases over \$1,000 (except procurement card purchases) from vendors who are not on a catalog master agreement or other contract (personal service contracts, master agreements, etc.). See Attachment 1.
- P. Conflicts of Interest – Any Department of Corrections employee who is related to or has a personal relationship with (friend, etc.) a potential or existing vendor shall abstain from all parts of the procurement process in which that vendor may be providing services or commodities to the Department.
- Q. Indirect Cost Limitations for Contracts Guidelines:
  - a. The Department of Corrections limits administrative fees and indirect cost percentages to 15% of the direct costs of the contracted services award.
  - b. The 15% limit for indirect costs may only be waived if specified by law, regulation or federal grant requirement.
- R. Contracts for services shall be reviewed by the Department annually. Directors or managers responsible for the oversight of contracted services shall meet with contractors on an annual basis.